

REFLECTIONS

ON THE

PRESENT STATE

OF THE

RESOURCES

OF THE

COUNTRY.

Great Britain &c.

LONDON:

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1796.

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REFLECTIONS



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WHATEVER difference of opinion may exist with respect to the origin of the war in which we are engaged, the manner in which it has been conducted, or the propriety of having endeavoured at an earlier period to effect a general pacification, every friend to his country must agree, that, should the attempts which are now making to conclude a general peace, on fair and equitable terms, be frustrated by the ambition of the enemy, no difficulties of finance should restrain us for a moment from making every exertion for the prosecution of the war; and however great may be the inconveniences, to which individuals may be exposed, it will be their duty to submit to them with fortitude and with patience. It must, however, be admitted, that the conduct of government

ought to be regulated in a considerable degree by the state of the resources of the country; and though the greatest public distress could never justify his Majesty's ministers in acceding to dishonourable terms of peace, yet if the strength of the country is really broken, as some persons would have us suppose, there are many points which, in such a state of things it might be prudent to give up, which under any other circumstances, it would be criminal in ministers to think of conceding. The extent of our national burdens, and the state of the public credit, have of late been the subject of much popular declamation; These have been equally the topics of declamation in every war for a century. We have been generally on these occasions represented as on the brink of bankruptcy, yet we have hitherto avoided so dreadful a calamity; and it is some satisfaction to reflect, that we are still increasing in every resource which can make a country powerful. The enemies of the constitution have at all times endeavoured to damp the spirit of the people, by undervaluing their resources, and enumerating evils which have no existence;

ence; wisely judging, that the spirit of the people is the true foundation of the prosperity of the country, and that should they succeed in effectually subduing that spirit, it is not to be supposed that the blessings, which have flowed from it, would long be able to survive it. It has constantly happened, however, that many well-intentioned persons have been led to adopt the same ideas, from an insufficient consideration of the subject: There never was a period, when it was more important, that the public should be fully acquainted with the real situation of the country than the present. Let the subject be fairly examined, and it will be found, that should all expectation of peace be at an end, should Lord Malmesbury's negotiation prove abortive, and the further prosecution of the war become indispensable, the state of the country is such, as to give us no reason to doubt our capacity to make powerful and vigorous exertions.

There never was any subject, on which there has been a greater variety of speculation,

tion, than the public debts of Great Britain, and of the other countries of Europe; Time has, however, proved, that most of the opinions, which were some years ago formed on that subject were erroneous. From the Revolution to the commencement of the present reign, it was a question proposed for solution, by every writer on political œconomy, Whether Great Britain was arrived at the *ultimatum* of her debt, and if not, what was the greatest *quantum* of debt which a nation could incur, without its leading to ruin. The first of these questions has met with its solution, and it is surprising that persons who had given any serious consideration to the subject, should suppose that the second was capable of receiving a satisfactory answer. There is a certain quantity of debt, which every state, under given circumstances, is able to bear without material inconvenience or distress. This quantity of debt will be different in different countries, according to their respective riches and resources. What the *ultimatum* of debt is in any country it is impossible to ascertain. Of this position only can we be certain, that

that if there is any quantity of debt, which experience proves a country to be able to bear without considerable difficulty, the same country will bear with as little difficulty an increase of that debt, provided there is an increase of riches and resources proportionate to it. From hence it will follow, that a country in which the debt is increasing, and the resources decreasing, may reasonably be considered in a state of imminent danger; that a country in which the debt is increasing, and the resources stagnant, may be considered in a state of some danger; but that the situation of that country can never give ground for alarm, where the debt is increasing, but where the resources are also proportionately increasing. These principles, fairly applied to the present state of the country, will give us a safe criterion to judge of our actual situation.

At the end of the American war, this country was reduced to such a state of distress, as to give ground for despondency to the most firm and vigorous minds. In the prosecution of that contest we had lost a very considerable part of our dominions, we had incurred a debt of one hundred millions sterling,

sterling, and our revenue and commerce had decreased beyond all former example. In a very short period, however, it was proved, that we had strength enough remaining to recover from all our difficulties; our most important resources were found to be undiminished, and in a few years our commerce far exceeded what it had been at any period previous to the war. Let us take a period, when it was universally admitted that the country had recovered from the distresses of the war, and that our burdens, however we might regret them, were not greater than our resources enabled us to bear. I will chuse for this purpose the year 1788; if any person will carry back his attention to that period, he will recollect that his alarm for the state of the country had long before that time subsided; the revenue had become productive, and our commerce was greater than it had been at any year but one previous to the war; and however immense our debt might appear, it was then clear, that under the pressure of that debt, the country could not only exist, but prosper. This is a period, then, to which we may revert, with no inconsiderable

table satisfaction. Let us now turn our eyes from that period to the present. Let us consider what has been the increase of our debt since that period, and what the increase or decrease of our commerce. Let us compare our situation at these two periods; and if the comparison shall not prove to the disadvantage of the present time, we have surely no reason to despond. The interest of the national debt in the year 1788, was about nine millions sterling per annum; the increase of the annual charge of the debt from that period to the beginning of the present year, including even the one per cent. sinking fund, is about four millions sterling: the whole amounting to about 13 millions. We come then to consider the comparative state of our resources, and in the first place, the difference of the foreign commerce of the country at those two periods.

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The exports for 1788, 18,000,000.

The exports for 1795, 27,000,000.

The imports have increased in the same proportion. It is to be observed, likewise,

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that this increase has been gradual, and there are documents to prove that the exports of the current year will be considerably greater than those of the year 1795; from hence we may infer, that the excess of the exports of 1795 above the exports of 1788 is as great, and even greater than the excess of the debt of 1795 is above the debt of 1788: 27 being in a greater proportion to 18 than 13 is to 9; the profits of our commerce must be supposed to have increased in proportion to the commerce itself. It is not my intention to imply that our foreign commerce is the sole criterion on which the ability of the country is to be estimated; but as far as it is a criterion, it is certain, that if in the year 1788 we were enabled to bear a burden of nine millions, in the year 1795 we may be considered as able to bear with as much facility a burden of 13 millions; and the profits of a still further increasing commerce will enable us to bear a still further increasing burden. Thus, it appears, that as far as respects the foreign commerce of the country, its increase has been fully proportionate to the increase of our debt.

But before we quit this part of the subject, it may not be improper to state a few facts, with respect to our foreign commerce, which will justify me in asserting, that the more the subject is examined, the more convinced we shall be of the solid foundation on which this commerce is built. At the beginning of the war it was an observation repeatedly made by opposition, that however successful our armies might be, our commerce would undoubtedly suffer a most dreadful blow, which, till peace was restored, it could never be expected to recover. Since that time, many events have taken place on the continent, which, it might be supposed, would have affected in no inconsiderable degree the European commerce of this country. We have not only been excluded, by the war, from the ports of France; but the conquest of the Low Countries, and of Holland, by the enemy, has deprived us of any direct commerce with those countries; yet notwithstanding all these disadvantages, our European commerce has greatly increased. The commerce to France pre-

vious to the war was, upon an average, about 800,000*l.* per annum; the commerce to the Austrian Low Countries was about 1,200,000*l.* per annum; the commerce to Holland was about 1,600,000*l.* per annum; the commerce to Germany was about 2,000,000*l.* per annum; the whole amounts to about 5,600,000*l.* The commerce last year to Germany alone was 8,000,000*l.* that is 1,400,000*l.* more than the whole commerce to France, to Flanders, to Holland, and to Germany, previous to the war. Thus the exclusion of Great Britain from so many ports has in no respect operated to her disadvantage. Our commerce stood on so firm a foundation, that as soon as it was prohibited entrance by one port, it found its way through some other; and the circuit it was obliged to make does not appear to have affected it. Under disadvantages, the prospect of which would have alarmed us for the existence of our commerce some years ago, that commerce has not only not decreased, but has increased to the extent which has just been stated.

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Let us now turn our attention to the comparative state of our internal commerce at the two periods, to which we have alluded. There cannot be a fairer criterion to enable us to judge of our situation in this respect than the various bills for internal improvement, which receive the sanction of the legislature in the course of each year; and particularly the navigation and inclosure bills. Previous to the year 1783, the number of inland navigations in Great Britain was not very considerable, and it was not till a few years subsequent to that period that the attention of the public was greatly turned to that important object. In the year 1788, there were three navigation bills which passed the legislature. The following list states the number of navigation bills passed in the five last years of peace, and the three last years of war, the amount of the subscription for these navigations in each year, and of the money allowed to be raised beyond what was subscribed.

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NAVIGATION BILLS.

Years of Peace.	No.	Subscription.	Allowed to be raised beyond Subscription.
		£.	£.
1788	3	70,000	65,000
1789	3	86,000	50,000
1790	4	286,000	86,000
1791	10	532,000	305,000
1792	9	710,000	373,000
	29	1,684,000	879,500
		879,500	
		2,563,500	

Years of War.	No.	Subscription.	Allowed to be raised beyond Subscription.
		£.	£.
1793	22	2,207,100	727,600
1794	16	2,039,500	666,000
1795	9	283,900	184,000
	47	4,530,500	1,577,600
		1,587,600	
		6,118,100	

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By this account it appears that the number of navigation bills in five years of peace were 29, that the number in three years of war were 47; the average in the five years of peace was not quite six a year; the average in the three years of war was more than 15 a year, and the sum of money subscribed, and allowed to be raised beyond subscription, in the latter period, is considerably more than double the sum raised for the same purpose in the former period.

The number of inclosure bills passed in the five last years of peace was 210; the number passed in the three last years of war, 217; or upon an average, 42 a year in the first period, and rather more than 72 a year in the last period. To this ought to be added the great extent of capital which has of late years been laid out in agriculture, independent of inclosures, and the progress of buildings of all descriptions, which, in the present war, for the first time, has received no material interruption. Let these statements be fairly considered, and however great we may judge the increase of
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our foreign commerce, the increase of our internal commerce has not been less considerable. However inaccurate any estimate may be of the precise effect of these various improvements on the internal commerce and agriculture of the country, it is impossible not to consider them as adding, by themselves, much more to the wealth of the country than would be necessary to enable it to bear the burdens of the present war. If this is the case, what must not be the effect of the operation of two such powerful causes at the same time, as so considerable an increase of our foreign commerce and internal trade.

But it may reasonably be asked, whether this great increase of commerce is not, in some respects, to be imputed to temporary causes, and whether at the restoration of peace, we may not be deprived of a considerable part of it. It is certainly possible, that for a year or two, after peace, our foreign commerce may not be as great as it is at present. At the peace of 1763, after a war in which Great Britain had, uncontestedly, the command of the ocean,

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our foreign commerce suffered some temporary diminution, which it not only recovered in a very short time, but became, afterwards, more considerable than it had been at any former period. A variety of circumstances make me doubt whether, in the event of peace, there would be any decrease of our foreign commerce, even for a short period; but, if this should take place, the increase of it has been so gradual, the foundation, on which it stands, appears to be so solid, that it would not be long recovering any temporary check of that nature. Besides, it should be recollected how many causes, in time of peace, would operate to the increase of that commerce, which have, at present, a direct contrary effect. A war, on so extensive a scale as the present, however prosperous it may be, will always exclude a country from some channels of trade, which would be open to it in time of peace. It must be observed, likewise, that it requires a much greater capital to carry on the same commerce in time of war than it does in time of peace; that the additional price of freight, insurance, and the losses to which commerce, in time of war, is occasionally

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sionally liable, increase very considerably the expences of the trader ; and it follows, that the same capital, which is now employed to carry on our commerce in time of war, will carry on a much more extensive commerce in time of peace. We should next consider, that in time of war it becomes necessary, for the purpose of supporting great naval and military exertions, that considerable sums of money should be borrowed from individuals, by way of loan, and that these sums of money are drawn, in great part, from the channels of commerce, in which they would otherwise have been employed, and that this drain on the commerce of the country, at the restoration of peace, would, of course, cease. In the last place, it ought to be observed, that our great naval and military establishments, in time of war, are composed of persons, the far greater part of whom would otherwise be employed in productive labour, and who, when these establishments are reduced, would be adding, by their industry, to the wealth and resources of the country. Yet even under all these disadvantages, it has been proved that the commerce of the

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country has not only not decreased, but that, in every branch, it has increased. Can it then be doubted that the causes which have been enumerated, will, at the conclusion of the war, operate to a still further increase, sufficient to make up for any diminution it may receive from a restoration, in degree, of the commerce of the enemy?

In this situation of the country, which it is impossible to contemplate without solid satisfaction, difficulties, which, in their nature, are only temporary, have been considered as sufficient to deprive us of all the consolation we might otherwise receive from a reflection on the state of our commerce and resources. It has been stated, Look at the state of the funds, and consider the general want of money, and are not these contradictions to all that has been stated respecting the flourishing state of the resources of the country? An answer was given to this mode of reasoning by the Chancellor of the Exchequer in the House of Commons, which, by every mind used to reflect on these subjects, will be judged

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completely satisfactory. It may be of some consequence, however, to explain a little at length the principles on which his reasoning appears to be founded. Every country requires a circulating medium proportionate to its commerce; if, then, in any war, a considerable part of the circulating medium of the country is sent out of it, for the purpose of prosecuting extensive foreign operations, some temporary distress for want of a sufficient circulating medium must be suffered, unless the commerce of the country decreases so as not to require so extensive a circulating medium: but suppose, as is the case in the present war, the commerce of the country enormously to increase, it would then require an even more extensive circulating medium, than it possessed in time of peace, to carry on its transactions, and yet that very circulating medium, by the extensive operations of the war has been necessarily diminished. It is impossible that such a state of things should not produce considerable distress, but, if the commerce remains undiminished, and much more, if it increases, the evil will, in a certain period, cure it self; for though it is by no means
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true, that specie alone will introduce commerce into a country, it is unquestionably so, that a profitable commerce will, in time, introduce specie. A temporary distress of the nature that has been described, is more likely to be felt by a rich than a poor country. In a country where commerce has made little progress, there will probably be found a considerable quantity of specie *lying dead*: Individuals who have made considerable savings, having few means of employing those savings to advantage, will be in the habit of hoarding what they cannot spend. In this case, if a war should take place, and a part of the specie actually in circulation should be exported for the purpose of carrying on the war, there will be found in the country specie to take its place; but in every *state*, where commerce has made considerable progress, the advantage of the employment of money is so great, that all the circulating medium of every sort is in circulation; There will always be found in a rich country a demand for a further circulating medium, and if any considerable part of it should be withdrawn, it must occasion some distress,

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until the commerce of the country shall have had the effect, which in time it must have, of bringing back to the country the quantity of specie which is necessary for its transactions.

The evil then complained of is to be considered only as temporary. It is the effect not of poverty, but of riches. Let it be far from us to shew, that in proportion as we are grown rich in every solid advantage, we are grown poor in spirit. From the Revolution to the present period we have been unquestionably increasing in debt; but from that period to this, we have been increasing in a tenfold greater degree in every resource which would enable us to bear such debts. It is not the quantity of our debt, but the proportion of our debt to our riches, which ought to be considered. Persons who are ignorant of the subject are frequently led to confound the nature of national debts with that of the debts of individuals; no two things can, in many respects, be more opposite. When an individual incurs a debt, he incurs it under an express or implied engagement that he

he will, at a certain time, pay the principal of the debt, as well as the interest. If he fails in the first of these engagements, as well as in the latter, the consequences to him are highly discreditable; but when a nation incurs a debt, it does not, in general, stipulate that it will pay the principal, at any given period, but that it will pay the interest regularly. The bargain into which it enters is estimated on this very idea, and consequently, whilst it fulfils its engagement, by paying the interest regularly, it can never incur the discredit to which an individual is exposed, by not discharging the principal, for it has entered into no such engagement. I beg not, however, to be understood to convey, that a nation, as well as an individual, ought not to endeavour to discharge the principal of its debts, by every means, and as expeditiously as it can. And the present Chancellor of the Exchequer has given a proof of his adherence to this honourable principle, beyond any of his predecessors, as will be shewn hereafter. In the next place, when an individual pays interest for a debt incurred, he pays it away from himself, he

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can derive no further advantage from money which is no longer in his possession ; but, in the other case, the nation sends the money into circulation within itself, and when it discharges a debt, it not only relieves itself from the burden of it, but it derives the additional advantage of affording to its subjects an increase of capital for opening new sources of industry, and augmenting the commerce of the country.

It is not my intention to inquire, how far, or in what respects, our national debt can be considered as a benefit or an evil : what I contend is, that it stands upon grounds entirely different in principle from individual debts, and that it is not liable to all the imputations which attach to the word debt, when applied to individuals, of which, however, it is too often made to partake. But however erroneous the ideas may be, which many persons have entertained respecting the public debts of this country, there cannot be a greater injustice than to compare the debt incurred in the present war with the debts of any preceding war. In this war, as often as any increase
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of debt has been incurred, a sinking fund has been established for the redemption of it, in a certain number of years. Yet this one per cent. sinking fund, is frequently considered in the same light as the interest of the debt, though it has been imposed solely for the purpose of redeeming it; according to this mode of reasoning, the remedy of the evil has been put exactly on the same footing as the evil itself. It is to be hoped that those who are most adverse to public debts, will be sufficiently candid to set a just value on this important measure. Had it been adopted in former wars, a very great part of our existing debt would have been long since extinguished; but what no minister, from the Revolution to the present period, has ventured to propose, the present minister has successfully adopted; and whatever may be the opinion of the present generation, posterity will be thankful to him for his firmness and providence in the adoption and steady prosecution of this measure.

Whatever may be the amount of the debt, I must repeat, that the only fair way of considering it, is by comparing it with our resources, and in that view it is not

near so considerable now, as it was half a century ago. The low state of the funds may, perhaps, make some extraordinary measure of finance necessary; The difficulty or facility of the execution of such a measure will depend very much on the disposition of the public. We are not in the state of a country destitute of resources. Our resources are far beyond our wants; but the temporary embarrassments which have been stated, and explained, may make it difficult to get access to them by the ordinary means. The inconveniences to which individuals may be exposed in the progress of this business, will depend very much on their readiness in the first instance to come voluntarily to the assistance of government; but to suppose that the bulk of the public will be backward on such an occasion, is, indeed, to libel their character. Are they so little considerate of their reputation, as to allow it to be said, that at a time, when we far exceed all nations that ever have existed in the world in commerce and resources, we are unwilling to lend a part of that wealth for the support of that constitution, to which we are indebted for it? We are now in the fourth year of a contest, perhaps the most important

tant in which any country was ever engaged. In the course of this contest, great and important changes have taken place on the continent, and we have commenced a negociation, in which the arrangement of the most discordant interests is necessarily involved and, in fact, the settlement of Europe. The work is arduous indeed. To what extent we may flatter ourselves with success, it would as yet be presumptuous to decide; but there can be no doubt that our success will in a great measure depend on the vigour of our exertions, and in our showing ourselves prepared for either alternative of peace or war. The most decided advocates for peace are as much called upon for zeal, on this occasion, as the friends to the prosecution of the war; for if by peace, is meant peace on secure and honourable terms, the experience of the last twelve months must be sufficient to convince every unprejudiced person what are the real dispositions of the French government; and that every symptom of weakness which shall appear in this country, will be a ground for more exorbitant demands on the part of our enemies.

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